

Washington State Auditor's Office

Audit Report

Audit Services

Report No. 59102

**CITY OF WALLA WALLA HOUSING AUTHORITY
DBA WALLA WALLA HOUSING AUTHORITY**

Walla Walla County, Washington

January 1, 1997 Through December 31, 1997

Issue Date: May 29, 1998

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CITY OF WALLA WALLA HOUSING AUTHORITY
DBA WALLA WALLA HOUSING AUTHORITY
Walla Walla County, Washington
January 1, 1997 Through December 31, 1997

**Independent Auditor's Report On Compliance And Internal Control Over
Financial Reporting In Accordance With *Government Auditing Standards***

Board of Commissioners
City of Walla Walla Housing Authority
Walla Walla, Washington

We have audited the financial statements, as listed in the table of contents, of the City of Walla Walla Housing Authority, Walla Walla County, Washington, as of and for the year ended December 31, 1997, and have issued our report thereon dated April 3, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

COMPLIANCE

As part of obtaining reasonable assurance about whether the Housing Authority's financial statements are free of material misstatements, we performed tests of Housing Authority's compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. We also performed additional test of compliance with state laws and regulations as required by *Revised Code of Washington* (RCW) 43.09.260. This statute requires the State Auditor to inquire as to whether the Housing Authority complied with the laws and the *Constitution of the State of Washington*, its own ordinances and orders, and the requirements of the State Auditor's Office. Our responsibility is to examine, on a test basis, evidence about the Housing Authority's compliance with those requirements and to make a reasonable effort to identify any instances of misfeasance, malfeasance or nonfeasance in office on the part of any public officer or employee and to report any such instance to the management of the Housing Authority and to the Attorney General. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with these provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under *Government Auditing Standards*.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the Housing Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material

weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management, the Board of Commissioners, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

BRIAN SONNTAG, CGFM
STATE AUDITOR

April 3, 1998

CITY OF WALLA WALLA HOUSING AUTHORITY
DBA WALLA WALLA HOUSING AUTHORITY
Walla Walla County, Washington
January 1, 1997 Through December 31, 1997

**Independent Auditor's Report On Financial Statements Of HUD Supported
Programs And Supplemental Information Required By HUD**

Board of Commissioners
City of Walla Walla Housing Authority
Walla Walla, Washington

We have audited the accompanying financial statements of the programs supported by the U.S. Department of Housing and Urban Development (HUD) of the City of Walla Walla Housing Authority, Walla Walla County, Washington, as of and for the year ended December 31, 1997. These financial statements are the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, the financial statements referred to above present only the HUD supported programs of the Housing Authority and are not intended to present fairly the financial position and results of operations of the City of Walla Walla Housing Authority, taken as a whole, in conformity with generally accepted accounting principles.

The Housing Authority's policy is to prepare its financial statements referred to above on the basis of accounting practices prescribed or permitted by HUD, which is a basis of accounting other than generally accepted accounting principles. The accounting practices prescribed by HUD differ from generally accepted accounting principles, including the lack of required note disclosures. The effects of these departures from generally accepted accounting principles are not reasonably determinable.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with generally accepted accounting principles, the financial positions of the HUD supported programs of the City of Walla Walla Housing Authority as of December 31, 1997, or the results of its operations for the year then ended.

However, in our opinion, such financial statements present fairly, in all material respects, the financial positions of the HUD supported programs of the City of Walla Walla Housing Authority as of December 31, 1997, and the results of its operations for the year then ended, in conformity with the prescribed basis of accounting.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 3, 1998, on our consideration of the Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. This schedule is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements of the respective HUD supported programs and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements of such programs taken as a whole, on the basis of accounting practices prescribed or permitted by HUD.

BRIAN SONNTAG, CGFM
STATE AUDITOR

April 3, 1998

CITY OF WALLA WALLA HOUSING AUTHORITY
DBA WALLA WALLA HOUSING AUTHORITY
Walla Walla County, Washington
January 1, 1997 Through December 31, 1997

Independent Auditor's Report On Financial Statements Of Locally Funded Programs

Board of Commissioners
City of Walla Walla Housing Authority
Walla Walla, Washington

We have audited the accompanying financial statements of the locally funded programs of the City of Walla Walla Housing Authority, Walla Walla County, Washington, as of and for the year ended December 31, 1997, as listed in the table of contents. These financial statements are the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, the financial statements referred to above present only the locally funded programs of the Housing Authority and are not intended to present fairly the financial position, results of operations, and cash flows of the City of Walla Walla Housing Authority, taken as a whole, in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the locally funded programs of the City of Walla Walla Housing Authority as of December 31, 1997, and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

BRIAN SONNTAG, CGFM
STATE AUDITOR

April 3, 1998

CITY OF WALLA WALLA HOUSING AUTHORITY
DBA WALLA WALLA HOUSING AUTHORITY
Walla Walla County, Washington
January 1, 1997 Through December 31, 1997

**Independent Auditor's Report On Compliance With Requirements Applicable
To Each Major Program And Internal Control Over Compliance In Accordance
With OMB Circular A-133**

Board of Commissioners
City of Walla Walla Housing Authority
Walla Walla, Washington

COMPLIANCE

We have audited the compliance of the City of Walla Walla Housing Authority, Walla Walla County, Washington, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 1997. The Housing Authority's major federal program is identified in the Federal Summary. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on the Housing Authority's compliance based on our audit.

We conducted our audit in compliance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major federal programs occurred. An audit includes examining, on a test basis, evidence about the Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Housing Authority's compliance with those requirements.

In our opinion, the Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 1997.

INTERNAL CONTROL OVER COMPLIANCE

The management of the Housing Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Housing Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of management, the Board of Commissioners, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

BRIAN SONNTAG, CGFM
STATE AUDITOR

April 3, 1998

CITY OF WALLA WALLA HOUSING AUTHORITY
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Walla Walla County, Washington
January 1, 1997 Through December 31, 1997

Federal Summary

The results of our audit of the City of Walla Walla Housing Authority are summarized below in accordance with OMB Circular A-133.

- We issued an unqualified opinion on the Housing Authority's financial statements.
- We noted no instances of noncompliance that were material to the financial statements of the Housing Authority.
- We issued an unqualified opinion on the Housing Authority's compliance with requirements applicable to its major federal programs.
- We reported no findings which are required to be disclosed under OMB Circular A-133.
- The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was \$300,000.
- The Housing Authority qualified as a low-risk auditee under OMB Circular A-133.
- The following were major programs during the period under audit:

<u>CFDA Number</u>	<u>Program Title</u>
14.855	Section 8 Voucher (Cluster)
14.857	Section 8 Existing (Cluster)